

TARIFF ACTION MEMO

Date: April 20, 2023

Date Filed: March 15, 2023

Statutory End Date: May 1, 2023

File No: TA546-18

Name of Utility: Matanuska Electric Association, Inc. (MEA)

Subject: Cost-per-Foot for New, Single Phase Secondary Construction Update

Recommendation

Staff recommends the Commission:

1. Approve Tariff Sheet No. 38, filed March 15, 2023, by MEA with TA546-18, as shown on the attached side-by-side tariff sheet (BA-1). The effective date of the tariff sheet should be May 1, 2023.

Please see attached Staff Memorandum supporting the above recommendations.

Signed: Becki Alvey
Becki Alvey

Title: Utility Tariff Analyst

Commission decision regarding these recommendations:

	<u>Date (if different from 4/20/2023)</u>	<u>I Concur</u>	<u>I Do Not Concur</u>	<u>I Will Write A Dissenting Statement*</u>
Kurber		<u>KKZ</u>		
Doyle		<u>BD</u> BD		
Pickett		<u>RMP</u> BP		
Sullivan		<u>RMP</u> BP for DS		
Wilson	4/21/23	<u>JWW</u> JWW		

* If this column is initialed, Staff will contact the Commissioner for the statement; otherwise, the dissent will simply be noted at the close of the By Direction letter or order.

MEMORANDUM

To: Keith Kurber II, Chairman
Robert A. Doyle
Robert M. Pickett
Daniel A. Sullivan
Janis W. Wilson

Date: April 20, 2023

From: Becki Alvey, Utility Tariff Analyst

Subject: Cost-per-Foot for New, Single-Phase Construction Update

Recommendation

Staff recommends the Commission:

1. Approve Tariff Sheet No. 38, filed March 15, 2023, by MEA with TA546-18, as shown on the attached side-by-side tariff sheet (BA-1). The effective date of the tariff sheet should be May 1, 2023.

Background

Under MEA's current line extension tariff policy, applicants for the New Service Allowance are required to pay MEA the estimated cost of new facilities in excess of the applicable New Service Allowance. For single-phase service, estimated costs are generally calculated by multiplying a standard cost-per-foot times the distance in feet to connect new facilities. MEA's cost-per-foot is recalculated and filed with the Commission annually using actual data from the two preceding years. MEA's tariff provides that the standard cost-per-foot will be filed with the Commission by March 16 of each year, to be effective beginning May 1 of that year.¹

The Commission evaluates proposed revisions to line extensions and service connections under AS 42.05.311² and 3 AAC 52.455.³ A utility's tariff must include the terms and conditions,⁴ rates,⁵ and methodology⁶ used to calculate the rates for line extensions and service connections, and any proposed revision to these non-recurring rates must include cost support.⁷

MEA's line extension policy states that the estimated cost of providing a new single-phase secondary service will be determined by multiplying a standard cost per foot of new secondary construction times the distance in feet to hook up the new facilities.⁸

¹ See Tariff Sheet No. 37.1 of MEA's currently effective tariff, effective January 26, 2016.

² See AS 42.05.311, *Joint Use and Interconnection of Facilities*.

³ See 3 AAC 52.455, *Line Extensions and Service Connections*.

⁴ See AS 42.05.311(c).

⁵ See 3 AAC 52.455(a)(1)-(10).

⁶ See 3 AAC 52.455(a)(7) and 3 AAC 52.455(d).

⁷ See 3 AAC 48.275(b), *Supporting Information*.

⁸ See Tariff Sheet No. 37.1 of MEA's current tariff, effective January 26, 2016.

Filing

MEA now submits TA546-18, updating the cost-per-foot for single-phase service for the 2023 construction season in accordance with its current tariff policy. With TA546-18, MEA filed Tariff Sheet No. 38 and requested the tariff sheet be effective May 1, 2023.

Notice

The Commission issued a public notice for TA546-18 on March 16, 2023, with comments requested by April 17, 2023. No comments were received.

Analysis/Discussion

Cost-per-Foot Increase

As shown on Tariff Sheet No. 38, MEA calculated the standard cost-per-foot to be \$30.75.⁹ This represents an increase of \$0.58 from the currently approved cost-per-foot of \$30.17. MEA's cost-per-foot for constructing new single-phase service is calculated by dividing the total actual costs incurred from the two preceding years by the actual total feet of lines installed during the same period. Table 1 shows a breakdown of the actual construction costs for 2021 and 2022.

TABLE 1

Line	Description	Total Feet Installed			Total Costs			2 Year Total Cost per Foot
		2021	2022	2 Year Total	2021	2022	2 Year Total	
1	No Primary - Overhead (OH) Secondary	1,560	2,224	3,784	\$ 107,941	\$ 122,599	\$ 230,540	\$ 60.92
2	No Primary - Underground (UG) Secondary	79,169	119,168	198,337	\$ 1,852,540	\$ 3,085,306	\$ 4,937,846	\$ 24.90
3	No Primary - OH and UG Secondary	21,494	20,843	42,337	\$ 640,659	\$ 661,407	\$ 1,302,066	\$ 30.75
4	No Conductor Installed	-	-	-	\$ 477,584	\$ 568,448	\$ 1,046,032	\$ -
5	Total	102,223	142,235	244,458	\$ 3,078,724	\$ 4,437,760	\$ 7,516,484	\$ 30.75

MEA states that most categories of costs increased relative to the prior filing; however, the number of feet constructed also increased. MEA also states that labor and material costs increased due to inflationary pressures.¹⁰


Tariff Sheet

Staff reviewed Tariff Sheet No. 38. Staff verified that the calculations are accurate and consistent with MEA's current methodology, the proper support was filed, and the tariff sheet is correct.

Conclusion

With TA546-18, MEA requests approval of its proposed cost-per-foot for constructing new single-phase services for the 2023 construction season. Based on the discussion above, Staff recommends the Commission approve Tariff Sheet No. 38, filed March 15, 2023, by MEA with TA546-18. The effective date of the tariff sheet should be May 1, 2023.

Signature: Keith Kurber II
Keith Kurber II (Apr 20, 2023 12:58 AKDT)
Email: keith.kurber@alaska.gov

Signature: 
Bob Pickett (Apr 21, 2023 05:33 AKDT)
Email: bob.pickett@alaska.gov

Signature: Janis W. Wilson
Janis W. Wilson (Apr 21, 2023 07:44 AKDT)
Email: janis.wilson@alaska.gov

⁹ Equals \$7,516,482/244,458.

¹⁰ See tariff advice letter filed with TA546-18, at page 2.

Signature: Bob Doyle
Bob Doyle (Apr 20, 2023 13:38 AKDT)
Email: bob.doyle@alaska.gov

RCA No. 18 11th Revised Sheet No. 38

Canceling

10th Revised Sheet No. 38

RECEIVED

MAR 15 2022

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

MATANUSKA ELECTRIC ASSOCIATION, INC.

RULES AND REGULATIONS

7. EXTENSION OF FACILITIES (Continued)

7.02 Cost per Foot for Construction of New Single-Phase Services Under Normal Circumstances

Effective May 1, 2022, the cost per foot for construction of new single-phase services (other than where unusual conditions exist) is \$30.17.

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Tariff Advice No. 538-18 Effective: May 1, 2022

Issued by: MATANUSKA ELECTRIC ASSOCIATION, INC.

By: Anthony M. Izzo

Title: Chief Executive Officer

RCA No. 18 12th Revised Sheet No. 38

Canceling

11th Revised Sheet No. 38



MATANUSKA ELECTRIC ASSOCIATION, INC.

RULES AND REGULATIONS

7. EXTENSION OF FACILITIES (Continued)

7.02 Cost per Foot for Construction of New Single-Phase Services Under Normal Circumstances

Effective May 1, 2023, the cost per foot for construction of new single-phase services (other than where unusual conditions exist) is \$30.75.

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Tariff Advice No. 546-18 Effective: May 1, 2023

Issued by: MATANUSKA ELECTRIC ASSOCIATION, INC.

By: Anthony M. Izzo

Title: Chief Executive Officer